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OCEAN CITY: Two charged in resort area burglaries

Police say suspects used real estate virtual tours to plan break-ins

Daily Times Staff Report

OCEAN CITY — Two Baltimore County men have been charged in connection with a string of burglaries in the resort area involving thefts of flat screen televisions, Ocean City police said.

Police said Nathan Christopher Scheufele, 22, and Allen Dale Garman Jr., 34, both of Dundalk allegedly used the Internet to check out rental properties in the resort area before targeting them.

The police report said Ocean City detectives began an investigation after noticing similar characteristics in many of the burglaries in the area since January.

Detectives found the places being burglarized were mostly rental properties that were listed on a real estate Web page, which provided a "virtual tour" of the unit. Detectives also noted similar burglaries in Ocean Pines, Fenwick Island and Berlin.

Police said detectives conducted random Internet searches for items offered on sale on sites such as "craigslist.com." They found matches for stolen items in area burglaries being offered for sale by people in the Baltimore County area, police said.

Investigators tracked down Scheufele and Garman by the sellers' e-mail addresses, police said.

Ocean City detectives then traveled to Baltimore County and interviewed the two men who confessed to the burglaries, police said.

Scheufele and Garman told police they used the Internet to search for Ocean City area rental properties that had "virtual tours" of the rental properties. They were able to view the items contained in the property and the layout of the rental units. Then, posing as prospective seasonal renters, they would schedule an appointment to see the rental property, police said.

If the property contained the items as seen on the internet "virtual tour" and the unit was an "easy target," the suspects would return later to the unoccupied property, break in and steal the valuable flat screen televisions, police said.

Scheufele and Garman were charged in six separate burglaries and thefts valued at more than $7,000.

Ocean Pines Police are also expected to charge the two regarding to a burglary that occurred on Beacon Hill Drive in February, police said.

washingtonpost.com

Investment House?

As Real Estate Values Slump, Buyers Wonder Whether Stocks Are a Better Bet

By Renae Merle
Washington Post Staff Writer
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Jason Gerbsman and his wife, Lauren, began thinking about buying a home just as the housing market began to slump two years ago. The couple, who were renting an apartment in the District, had saved a "substantial" amount for a down payment. But they wondered whether real estate was the best way to invest the money they had saved since college.

The question prompted Gerbsman, a financial consultant, to create a series of spreadsheets forecasting how the money would perform in diversified stocks or in other financial vehicles. The couple struggled with the question for more than six months, concluding that stocks would likely bring a bigger profit over the long term.

"You want to make sure you are getting the best for your money," said Gerbsman, 31.

Still, the Gerbsmans opted to set aside financial considerations to buy a two-bedroom townhouse in Alexandria. "We decided to look at it less as an investment in monetary terms, and more as an investment in social and family terms," said Gerbsman. "We're looking at this as a long-term investment, not a flip."

But the couple has hedged their bet. They did not throw all of their money into the townhouse. "We were not looking to lock up our entire savings in a piece of property. Then, of course, we were going to be obsessed in the dollars and cents of it," said Gerbsman.

The housing slump has home buyers wondering whether real estate -- traditionally a person's largest investment -- is the best way to lock up their money over the long term. Some are wondering whether the stock market may be a better place to park their cash. Both investment types endure boom and bust cycles, soaring during periods of overvaluation, then slumping when they slip out of favor.

Investors fall in and out of love with either real estate or stocks depending on the cycle, financial planners say. "The stock market was the place to be in '98, '99, especially technology stocks," said Peggy Cabaniss, former chairman of the National Association of Personal Financial Advisors. "Then you see this huge collapse and people say, 'I am never going to go into stocks again. I am going to go into real estate, where it's safe.' "

Now, with home prices falling and property sometimes taking months to sell, some people are running away from real estate again. "It was the dot-com bust, now we have the subprime bust," said Ken Winans, president of investment and management research firm Winans International.

A home bought in 1978 appreciated an average 5.3 percent a year through 2007, while the Standard and Poor's 500-stock index delivered a 9.9 percent return during the same period, according to figures from the National Association of Realtors.

But some economists see it as an impossible choice: Do you follow the example of real estate mogul Donald Trump or billionaire stock market investor Warren Buffett? The answer, they say, is that neither model is right for everyone. "Warren Buffett owns real estate, and I am sure Donald Trump owns stock," said Winans. "The point is there is no one best investment. The people who are successful in the long term usually diversify into both camps."

Financial planners argue that any investment strategy should include real estate and stocks. Real estate can be an important ingredient of a homeowner's retirement plan, for example, said Leslie E. Linfield, founder of the Institute for Financial Literacy. Once a home is paid off, a retiree can either live there with low living expenses or sell it and downsize, she said.

"A home should be a part of everyone's retirement planning," said Linfield.

For some financial planners, the chief benefit of stock investments is the relative ease and low cost of a transaction. It can cost as little as $10 to unload a stock. By contrast, a homeowner must pay to prepare a property for sale and will likely see real estate agents take 5 to 6 percent of the sales price in commission.

With stocks, investors are also able to diversify, hedging against big losses in one stock with gains in another. Some investors are also comforted knowing they can find out minute by minute how much their holdings are worth.

"With real estate, you don't know what it's worth until you sell it," said Veena Kutler of Garnet Group, a financial planning firm in Bethesda.

Investors in the stock market also benefit from a tax structure that favors them holding their shares for long periods. The profit from the sale of stock held for more than a year is taxed at 15 percent, while shares sold before then are taxed according to the investors' income bracket.

Stocks are also relatively hassle-free. Shareholders escape the sometimes menial and expensive tasks associated with homeownership -- cutting the lawn and replacing the roof. "Real estate involves a lot of sort of onerous responsibilities that you don't get with investing in stocks," said Kutler.

But for a nesting investor, the hassles of homeownership can be attractive. It is an investment you can check on nightly. "You get to sleep in it, you get to dream in it. Nothing beats that," said Laura Fall, an Arlington-based real estate broker for more than 25 years.

Real estate values traditionally grow more slowly than stocks, offering stability, if not a quick profit, economists and financial planners said. That doesn't mean real estate never looses value. Before 1950, housing values declined regularly during times of war and the Great Depression, said Winans. Since then, the value of new homes has fluctuated.

But over the long term, real estate traditionally regains its value, whereas a company can file for bankruptcy or otherwise fail to regain its footing, effectively ruining a stock investment. Home prices typically rise 1 to 2 percent above inflation, and someone planning to keep his home more than five or 10 years will see its value rise, according to Lawrence Yun, chief economist at the National Association of Realtors.

Homeownership is also a forced savings plan, said Yun. "It exerts discipline on the homeowner. They are paying down their principal before they know it," he said.

Steve Kindrick, 56, bought a one-bedroom condominium in Alexandria in the late 1980s at the top of a housing bubble for about $60,000. "I had friends who laughed at me for four or five years," said Kindrick, an associate broker with Long & Foster's Old Town office. The condo has quadrupled in value since then and in 10 years "will be at a price that even I have a hard time believing," said Kindrick. "They aren't making fun anymore."

Also, investors can borrow more against their homes than they can against their stock holdings, financial planners note. Most lenders will allow a homeowner to borrow about 80 percent of the value of the home counting both the mortgage and home-equity loans. But with a brokerage account, the borrower is limited to 50 percent of the funds' value.

"I would not advise people to borrow to buy a car," said Yun. "But borrowing for investment purposes, and I would consider education an investment in human capital, or an investment to open a business, is a [good] way to use a home-equity line at a very low interest."

The federal government's preference for homeownership is obvious in the tax benefits offered homeowners. Homeowners can deduct their mortgage interest payments and property taxes from their taxable income. This is especially helpful in the first years of a mortgage, when almost 100 percent of the homeowner's monthly payments go towards interest. And after longtime owners sell their primary residences, the first $250,000 for a single person and $500,000 for a married couple is tax-free.

"America has always valued homeownership. It is one of the basic tenets of this culture, and it's not like that in every culture," said Cabaniss. "If I wanted a $100,000 necklace, the IRS is not going to let me deduct the interest on that."

That has not been enough to convince Alex S. Cohen, who moved to the Washington area from California two years ago. In that time, Cohen has been watching housing prices fall on blogs such as HousingPanic and waiting for the right time to buy. But in the meantime, the 28-year-old engineer is focusing on investing in the stock market.

"As long as you're beating inflation, you're fine," said Cohen. "Beating inflation is the minimum that an investment should do, and most of my investments do better than that."